

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

MidWestOne Financial Group, Inc.

| | | | |
|--------------------------------|-------------------|--|-----------|
| Point of Contact: | Gary J. Ortale | RSSD: (For Bank Holding Companies) | 0 |
| UST Sequence Number: | 243 | Docket Number: (For Thrift Holding Companies) | |
| CPP/CDCI Funds Received: | 16,000,000 | FDIC Certificate Number: (For Depository Institutions) | |
| CPP/CDCI Funds Repaid to Date: | | Credit Union Charter Number: (For Credit Unions) | |
| Date Funded (first funding): | February 06, 2009 | City: | Iowa City |
| Date Repaid ¹ : | N/A | State: | Iowa |

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

The funds have been partially used for lending in our general market area which, had this not been done, would have caused our loan balances to fall even further than they did.

☒ **To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

During 2010, while our overall loan balances continued to fall, we did see increased activity and volume in our commercial real estate area, particularly in the multi-family real estate and commercial real estate - other categories

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☒ **Increase securities purchased (ABS, MBS, etc.).**

The funds were partially used for purchasing additional securities including mortgage-backed securities and municipal bonds where the municipal bonds purchased were primarily in Iowa and Minnesota.

☐ **Make other investments.**

☐ **Increase reserves for non-performing assets.**

☒ **Reduce borrowings.**

The funds were also used to reduce our exposure to borrowings from our regional Federal Home Loan Bank.

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☐ Increase charge-offs.

☐ Purchase another financial institution or purchase assets from another financial institution.

☒ Held as non-leveraged increase to total capital.

As indicated last year, we were eligible to receive over \$34 million in CPP funds but accepted only \$16 million. We viewed it as "comfort capital", a way to support our capital position given the uncertainty of the economic environment of the last two years.

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What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

None

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What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

None

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.

Loan demand during 2010 continued to remain somewhat subdued. Now in early 2011 we are beginning to see more inquiries.